



DoD Mid-Atlantic Regional Council

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Agenda

- What is Better Buying Power (BBP) and BBP 2.0?
- Seven Focus Areas of BBP
- SBIR Program
- MPP Program
- DON Successes



What is Better Buying Power?

- Better Buying Power (BBP) is the implementation of best practices to strengthen the Defense Department's buying power, improve industry productivity, and provide an affordable, value-added military capability to the Warfighter
- Launched in 2010, BBP encompasses a set of fundamental acquisition principles to achieve greater efficiencies through affordability, cost control, elimination of unproductive processes and bureaucracy, and promotion of competition



What is Better Buying Power 2.0?

- Better Buying Power 2.0 reflects the Department of Defense's commitment to continuous improvement. Significant progress has been made since BBP was first introduced
- Affordability analysis is now part of the standard Defense Acquisition Board (DAB) planning process to facilitate investment decisions and competitive incentive contracts, services acquisitions, and small business opportunities are receiving greater attention and focus



It is a Brave New World

- Aggressively Attack Costs
 - Innovative Strategies
 - Document aggressive cost estimates, include with J&A packages
 - Competition is key to attacking costs
 - Data Rights and Validated Technical Data Packages
 - Look for Break out opportunities if system can't be competed
- How are you impacted by Better Buying Power 2.0?
- Small Business Prime Contract Goals
- Outside Work – should we take it on?

Live and Breathe Cost Consciousness



DOD Taxonomy for Services Portfolios with DON FY13 Spend

SERVICE PORTFOLIO GROUPS FY13 - \$37.5B

Research & Development Services \$9.4B

- Systems Development
- Operation Systems Development
- Technology Base
- Commercialization

Construction Services \$2.6B

- Structures & Facilities
- Conservation & Development Facilities
- Restoration Activities

Knowledge Based Services \$7.4B

- Engineering Management Services
- Program Management Services
- Management Support Services
- Administrative & Other Services
- Professional Services
- Education & Training

Electronics & Communications Services \$4.8B

- ADP Services
- Telecom Services
- Equipment Maintenance

- Equipment Leases

Facility Related Services \$5.4B

- Architect/Engineering Services
- Ops of Gov Owned Facilities
- Machinery & Equipment Maintenance
- Building & Plant Maintenance
- Natural Resource Management
- Utilities
- Housekeeping & Social Services
- Purchases & Leases
- Railroad Equipment Modification

Transportation Services \$1.4B

- Transportation of Things
- Transportation of People
- Other Travel & Relocation Services

Equipment Related Services \$5.6B

- Maintenance, Repair and Overhaul
- Equipment Modification
- Installation of Equipment
- Quality Control
- Technical Representative Services
- Purchases & Leases
- Salvage Services

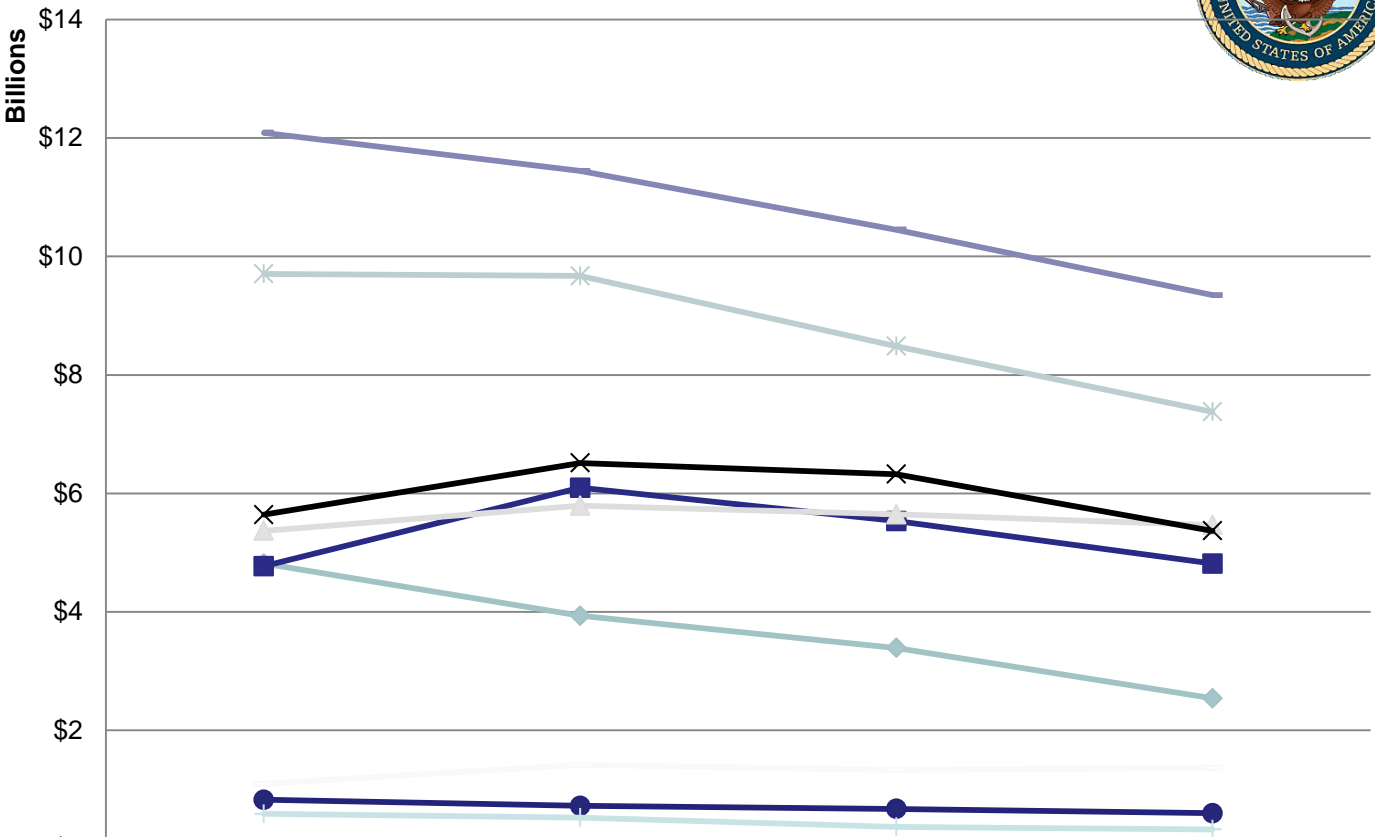
Logistics Management Services \$0.6B

Medical Services \$0.3B

- General Medical Services
- Dentistry Services
- Specialty Medical Services



DON Services Spend



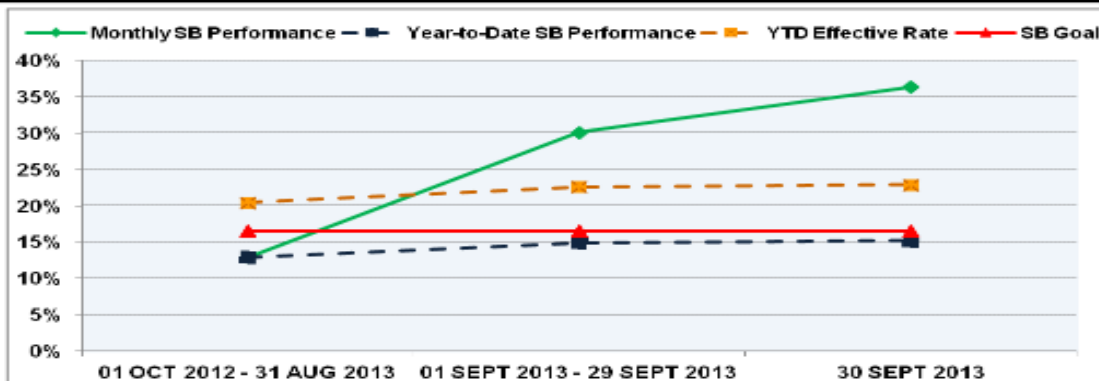
	FY10	FY11	FY12	FY13
Construction Services	\$4,812,643,325	\$3,931,141,105	\$3,390,235,646	\$2,536,565,761
Electronic & Communication Services	\$4,769,937,427	\$6,094,095,898	\$5,530,680,861	\$4,814,299,006
Equipment Related Services	\$5,367,897,548	\$5,790,599,627	\$5,644,063,411	\$5,464,727,234
Facility Related Services	\$5,638,602,450	\$6,512,880,760	\$6,323,181,557	\$5,367,009,905
Knowledge Based Services	\$9,707,009,779	\$9,670,567,618	\$8,486,465,106	\$7,377,271,279
Logistics Management Services	\$825,296,749	\$722,383,086	\$669,507,580	\$598,260,357
Medical Services	\$587,446,369	\$525,814,468	\$367,107,873	\$325,733,258
Research and Development	\$12,088,692,776	\$11,443,737,040	\$10,452,600,777	\$9,346,539,622
Transportation Services	\$1,093,457,225	\$1,414,237,231	\$1,330,687,681	\$1,365,798,053



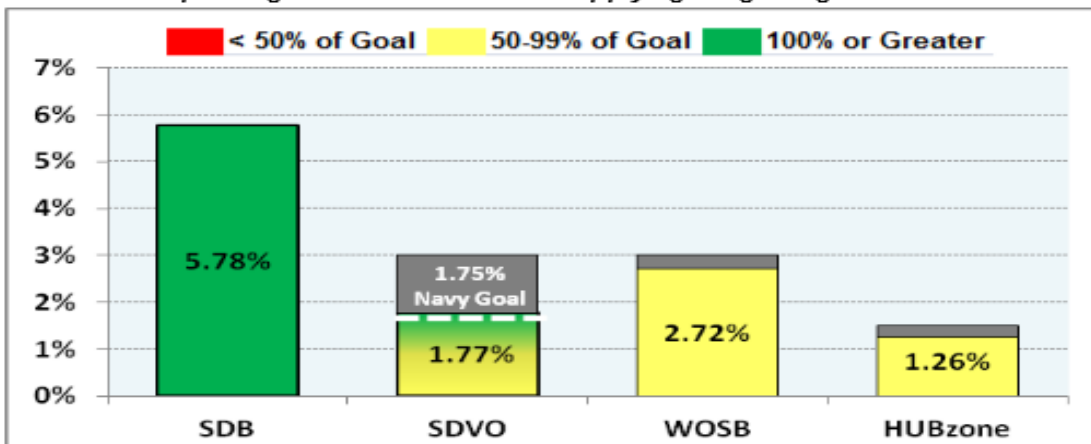
Small Business Performance Dashboard

Department of Navy FY13

Data through 9.30.2013



"Effective Rate" is Year-to-Date SB Percentage after removing spends for PSCs with less than 1% SB Spending Fed-wide in FY12 after applying the goaling exclusions.



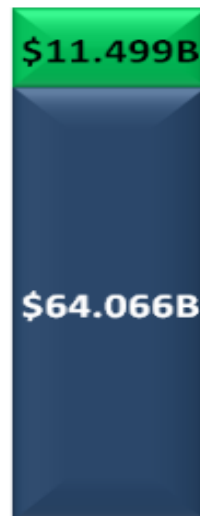
* Contains all spends including deobligations (negative spends).

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*22.88% is "Effective Rate" after removing spends for PSCs with less than 1% SB Spending Fed-wide in FY12 after goaling exclusions.

Year-to-Date Small Business Spend



Year-to-Date Other than SB Spend

(In Billions of Dollars)





Seven Focus Areas of Better Buying Power 2.0

- Achieve Affordable Programs
- Control Costs Throughout the Product Lifecycle
- Incentivize Productivity and Innovation in Industry and Government
- Eliminate Unproductive Processes and Bureaucracy
- Promote Effective Competition
- Improve Tradecraft in Acquisition of Services
- Improve the Professionalism of the Total Acquisition Workforce



Achieve Affordable Programs



- Mandate affordability as a requirement
- Conduct portfolio analysis
- Enforce affordability caps



Control Costs throughout the Product Lifecycle



- AT&L is in the process of creating an oversight structure for services acquisition that leverages the DOD-level leads for services Portfolio Groups
- SAEs will determine their own reporting requirements for effective should cost management oversight within the structure of the Requirements Review Boards and Tripwire processes. SAEs (may be delegated to Senior Services Managers (SSMs)) will report should cost targets and progress in achieving them through the Review Board reporting process



Incentivize Productivity & Innovation in Industry & Gov't

- Employ appropriate contract types
- Increase use of Fixed Price Incentive contracts in Low Rate Initial Production
- Better define value in “best value” competitions
- When LPTA is used, define Technically Acceptable to ensure needed quality



Incentivize Productivity & Innovation in Industry & Gov't



LPTAs may be used in situations where the Government would not realize any value from a proposal exceeding the Government's minimum technical or performance requirements, often for acquisitions of commercial or non-complex services or supplies which are clearly defined and expected to be low risk. The LPTA process does not permit Tradeoffs between price and non- price factors.

The DoD Source Selection Procedures was issued on 4 May 2011 and covers the basic requirements for an LPTA; however it is in the process of being revised to provide direction for program managers.



Incentivize Productivity & Innovation in Industry & Gov't

When the Government does not adequately establish the threshold of technical acceptability, two significant adverse outcomes may occur:

- Contractors, faced with bidding an unclear technical requirement, bid to win based on lowest price, often bidding a price at which the work cannot be executed profitably and/or the Government does not receive what was expected
- The Government may fail to choose a solution that is technically acceptable



Incentivize Productivity & Innovation in Industry & Gov't

Current Progress:

- Revise the DoD Source Selection Guide to require Section M of the RFP and the source selection plan to specifically describe the characteristics of a technically acceptable solution. The characteristics must be expressed in terms of performance objectives, measures, and standards that map to the procurement's statement of work.
- Remind acquisition members that past performance can be part of LPTA to help identify risk, but market awareness will drive its applicability.



Eliminate Unproductive Processes



Strategic Sourcing Opportunities and Vehicles

- Establishment of an Engineering Services and Education and Training Commodity teams to determine strategic sourcing solutions through commodity profiles, market analysis, strategy development and business case analysis
- Establishment of Global Business Systems MACs for blue collar support
- Use of Seaport-e MACs for engineering and technical services
- Participation in Federal Strategic Sourcing groups and initiatives



Promote Effective Competition

- Reduce reliance on bridge contracts through increased visibility and oversight
- Increase usage of Multiple Award Contracts (MACs) for services, which establishes a foundation for improved fair opportunity competition through the award of competitive task orders
- Increase use of service requirements reviews boards provide greater focus on opportunities for small business and competition
- Encourage prime contractors to apply the same rigors of effective competition and small business opportunity throughout their respective supply chains



Promote Effective Competition

- Remove obstacles to competition
- Increase small business opportunities
- Evaluation of opportunities for more frequent re-competitions for Knowledge Based Services



Requirements Review Boards and Tripwires

Developing a structured approach for periodic review of service acquisition requirements using threshold metrics (i.e. “tripwires”) to signal areas that warrant further attention and require approval by senior leadership

- Labor rates and performance (\$/Workyear)
- Use of subcontractors
- One bid procurement (effective competition)
- Other direct costs (Percentage of contract value or \$)
- Bridge contracts (Number and/or \$ value)
- Best value source selection premiums



Improve Tradecraft in Services

Improved Requirements Validation and Definition

- Implementation and evaluation of the Defense Acquisition University (DAU) Services Acquisition Workshop (SAW) and companion tool for developing Performance Work Statements (PWS), the Acquisition Requirements Roadmap Tool (ARRT)
- Establishment of a more robust Requirements validation process via the Services Requirements Review Board (SRRB) process
- Structured evaluation of requirements generation via the Services Health Assessment process



Improve Tradecraft in Services

Proactive Data Analysis and Active Management of Services Acquisitions

- Establishment of Portfolio Managers to analyze data in relation to their assigned portfolio
- Development and use of tools to support data analysis, such as Portfolio Management Scoring Model, OSBP MaxPrac, Product Service Code (PSC) Selection tool
- Standardized reporting of portfolio spend and performance in relation to competition, small business participation, contract type, and organization



Improve Tradecraft in Services

- Adopt uniform services market segmentation, standardize service taxonomy
- Increase use of market research
- Increase small business participation - The increased use of small businesses in service contracting can be a source of additional cost saving
- Increase small business roles and opportunities - Small businesses, as both prime contractors to the Department and sub-contractors within the supply chain, are effective sources of innovation and reduced cost.



Improve Tradecraft in Services

- Better Buying Power 1.0 and 2.0, and supporting memos, have acknowledged SBIR/STTR's tech innovation and affordability value
- The DON SBIR/STTR program has begun efforts to:
 - Plan for closer linkage with the acquisition community
 - Incentivize Program Managers to mine SBIR/STTR value
 - Develop means of tracking SBIR/STTR affordability and innovation contributions to ACAT programs
 - Work with OSBP on ways to expand government and industry contracts, and subcontracts, to SBIR/STTR awardees



Improve Tradecraft in Services

SBIR Program Goals

- Use small business to develop innovative R&D that addresses a Navy need, affordably (> 80% of Navy Topics are selected by PEO/PM/FNC to address specific needs).
- Transition SBIR technology into a DON platform or weapons/communication system (PEO/PM/FNC makes Phase I and II SBIR selections, then invests to mature technology)

SBIR Program Structure

- Three-phase gated program, uses base + option funding to manage and reduce risk, ensure affordability and innovation.
- Phase I - \$150K; Phase II – up to \$1.5M; Phase III – non-SBIR investment from government and/or industry



Improve Tradecraft in Services

The Mentor-Protégé Pilot Program was established November 5, 1990 (P.L. 101-510) in an effort to respond to concerns raised by DoD prime contractors, that many SDBs did not possess the technical capabilities to perform DoD subcontract requirements, making it difficult for these prime contractors to achieve their SDB subcontracting goals



Improve Tradecraft in Services

MPP provides incentives to major DoD contractors by:

- Furnishing technical and business assistance to Small Disadvantaged Businesses (SDBs), Women-Owned Small Businesses (WOSB), Service-Disabled Veteran-Owned Small Businesses (SDVOSB) and Historically Underutilized Business Zone Small Businesses (HUBZone)
- Enhancing their capabilities to satisfy DoD and other contract and subcontract requirements
- Increasing the overall participation of protégé firms to perform as prime contractors, subcontractors and suppliers under DoD, other Federal agency and commercial contracts
- Fostering the establishment of long-term business relationships



Improve Tradecraft in Services

MPP Potential Mentor Benefits:

- Develop long-term business relationships with socio-economically disadvantaged small business concerns
- Develop socio-economically disadvantaged small business industrial base
- Teaming opportunities with the protégé to win new contracts and/or subcontracts
- Participation in the MPP as a marketing tool
- Networking opportunities



Improve Tradecraft in Services

MPP Potential Protégé Benefits:

- Relevant technical and business development assistance
- Teaming opportunities with the Mentor to win new contracts and/or subcontracts
- Participation in the MPP as a marketing tool
- Networking opportunities



Improve Tradecraft in Services

MPP Potential Benefits to Navy:

- Stimulate and transition innovative technologies into established Defense Acquisition Programs
- Resolve operational challenges and other critical national security requirements
- Train and develop business acumen and capabilities of Protégés
- Increase competition and help eliminate "Vendor Lock", by minimizing future sole source awards to large contractors



Improve Professionalism of Acquisition Workforce



- Establish higher standards for key leadership positions
- Increase recognition of excellence in acquisition management
- Continue to increase the cost consciousness of the acquisition workforce



DON Successes

- Efforts at the Naval Facilities Engineering Command Midwest (NAVFAC Midwest) have resulted in the Environmental Business Line executing over 80% of its \$9.1M in annual environmental services through small business contracts. NAVFAC has improved the quality of the command's environmental services, reduced the cost of those services, and improved responsiveness that supported the commanders' needs
- The Marine Corps Small Business Team worked closely with the Information Systems and Infrastructure Contracts Teams. This effort resulted in a \$775M multi-award to ten firms (six were small businesses). These contracts support the DON Continuity of Services transition from Navy/Marine Corps Intranet to the Next Generation Enterprise Network



DON Successes

- NAVAIR sponsored a Mentor-Protégé Agreement between Raytheon Missile Systems mentoring to UEC Electronic LLC (UEC) has exceeded the intended objectives included: increasing UEC's manufacturing skills and capability, improving management and production processes and improving UEC's marketing skills and reputation in the Aerospace and Defense marketplace
- SPAWAR Systems Center Pacific (SSC PAC) awarded a SEAPORT task order to a woman-owned small business. The effort was competed under SEAPORT as a Small Business Set-aside. The tasking includes obtaining full range of support across the software development life cycle. Estimated value is \$9M

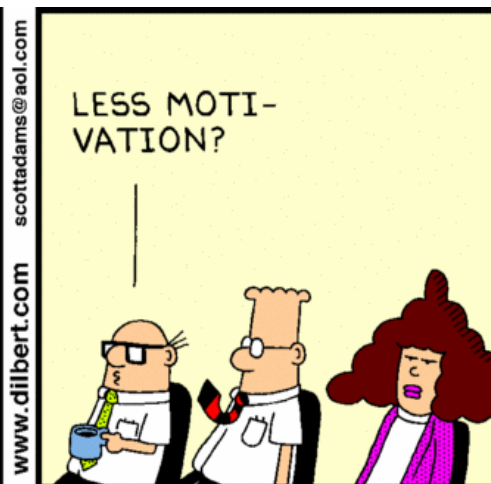


DON Successes

- A WOSB was awarded a Seaport-e Task Order by NAWCAD PAX for Air to Air Missiles/Strike & Suppression Support. Estimated value inclusive of options is \$7M



Words of Wisdom from Wally





Questions?